

**Community Wealth Building Directorate  
Town Hall, Upper Street London N1 2UD**

**Report of: Executive Member for Inclusive Economy & Jobs, Councillor Asima Shaikh**

<b>Meeting of:</b>	<b>Date:</b>	<b>Ward(s):</b>
Policy and Performance Scrutiny	9 <sup>th</sup> September 2021	All

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## **SUBJECT: Islington’s Economic Recovery from the Impacts of Covid-19 Scrutiny Review: Introductory Report**

### **1. Executive Summary**

- 1.1 With its central London location Islington has been one of the places in the country most affected by the Covid-19 pandemic. As commuters and visitors stayed away, demand drained out of parts of the economy. As the crisis deepened, already vulnerable businesses and workers in the hospitality and food, arts, entertainment and recreation, retail and office support services, together with young and old workers, especially those from underrepresented communities were most likely to lose out. Covid-19 has therefore widened inequalities further as those (non-essential) employees who could work at home continued to earn whilst those whose presence was needed at work were often furloughed or, in the worse cases made redundant or forced to shutdown their business. In this scenario, mammoth state interventions provided temporary relief and mitigated the worst effects of the crisis.
- 1.2 Over the last 18 months, the Council has put measures in place to mitigate the economic, social and environmental impacts of the pandemic. These can broadly be categorised in the following:
- Rescue – emergency response for local people and businesses in crisis (Mar/Apr 20)
  - Resilience – shoring up businesses to survive, and supporting people to work (May20-Feb21)
  - Recovery – coming out of lockdowns and starting recovery journey (Feb-Aug21)
  - Reframing – building back better (Sep21 onwards).
- 1.3 Since the economy came out of lockdown fully in June Islington’s economy has started to pick up, but like other parts of London, which were hit hardest by the pandemic, it has a way to go to reach pre-pandemic levels of activity. There are also signs that the early optimism of opening up the economy is faltering slightly with retail sales down across the capital, and footfall down in Islington

as visitors and workers stay away. This is affecting the whole borough, but is most keenly felt in the part of Islington that forms or borders part of the Central Activities Zone in Clerkenwell, Bunhill, the Angel and Old Street.

- 1.4 Despite this, it is to announce 'the death of the High Street'. Islington's Town Centres and High Streets have responded imaginatively to considerable threats from online competition, particularly in comparison goods shops, the creativity and ingenuity of our residents, businesses and workers is taking advantage of higher demand for in-service retail, leisure and convenience opportunities. New working practices, visitor stayaways and Brexit still exert pressure, but the measures that the council put into place to support local businesses and shore up the local economy during the pandemic have helped.
- 1.5 Further efforts are underway to increase local shopping, boost local supply chains and develop the skills of our residents through initiatives such as the LIFT programme supporting people into tech, affordable workspace provision, and numerous sectoral-based employment schemes in the growth fields of the knowledge economy, life sciences, health and social care and construction.
- 1.6 Interventions like this mean that unemployment in Islington remains below the London average. Our success in recent years to facilitate the means to make a livelihood amongst our young people has yielded results with some of the lowest rates of youth unemployment in the capital. Figures on older persons' unemployment are now the focus of attention in order to help improve digital literacy and tackle high levels of deprivation amongst our older population as they migrate onto the pension.
- 1.7 Compared to other parts of London the borough also has a small percentage of people remaining on furlough and there is still the hope that the 7,000 people on furlough at the end of June will by now have fallen further and taken advantage of the high level of job vacancies currently open. With the active intervention of the Islington Working Partnership, it is also expected that the falls in unemployment witnessed to date will continue as residents and workers who were laid off in the pandemic find work in other jobs.
- 1.8 A recovery is now fully underway, which is being blended with an approach to reframe the economy, taking advantage of new relationships forged during the pandemic to build back better to **achieve a fairer, more inclusive, more democratic, innovative and greener economy** built on the principles of social and environmental justice. This will see more local residents into good jobs, protect our high streets and forge a better future for everyone in Islington.

## 2. Introduction

2.1 The purpose of this paper is to consider the effect of the pandemic on employment, business and the local economy.

2.2 The objectives are:

- To consider the measures in place to mitigate the economic, social and environmental impacts of the pandemic.
- To analyse the measures that are in place going forward to ensure residents and businesses are in the best position possible to recover from the pandemic and to maximise commercial and employment opportunities.
- To consider how lessons learned in front line services can best support residents going forward.

## 3. Background

### 3.1 Prior to the pandemic:

- A significant minority of Islington's workforce and employed residents were in a vulnerable economic position, working in low paid, insecure jobs.
- A lack of mid-tier, skilled, secure jobs with good prospects for advancement led experts to describe Islington's labour market as 'hourglass' with some of the highest rates of pay inequality in London.
- Many residents were running small and micro businesses in sectors like fashion, retail, leisure and hospitality, a majority of whom were already pessimistic about their long-term viability.
- These businesses were disproportionately in the ownership of women and people from BAME communities, and typically operating with low levels of turnover compared to those in sectors like IT, Research & Development, and Public Relations, all of which have a strong presence in Islington's economy.

### 3.2 When Covid-19 hit, economic inequalities became more transparent and it became clear that:

- The initial sectors most affected by Covid-19 were those in which workers needed to be in physical proximity at their place of work and were not classed as 'key workers. Lockdown' effectively 'switched off' the demand for their services and some businesses have still not fully recovered from the shock.
- In Islington these initially hardest hit sectors were predominantly, but not exclusively classed under 'Accommodation and Food Services' (A&FS), '(Non-essential) Retail', and 'Arts, Entertainment & Recreation (AE&R) accounting for approximately 35,000 jobs in the borough.
- As the effects of the pandemic continue to keep international tourists and office workers away, businesses in Islington's 'sandwich economy' that rely upon their demand are often struggling to make ends meet.
- In addition to this a number of residents and workers employed in Professional Services, IT, Business Support and Administrative and Secretarial roles remain on furlough (34%, 2,380 people) because they account for over half of all employment in Islington although not comparable to numbers still furloughed in Retail, AE&R and A&FS (45%, 3,150 people).

### 3.3 As we emerge from the Covid-19 pandemic, these economic effects remain and new challenges are emerging:

- Most recent data on the national picture shows that economic vitality is returning to the UK with five consecutive months of growth in output, the last on record being a 1% increase in June. This means the economy jumped by 4.8% in terms of the goods and services it was producing between April and June.
- Despite this, the UK economy is still 4.4% below its pre-pandemic size.
- The service sector across the UK, which is of particular importance within London and Islington, also grew in June by 1.5%, although it remains 2.1% below its February 2020 level.
- Accommodation and Food, Professional, Scientific, Technical, and Human Health and Social Work activities have recently driven demand for these services.
- Construction, however, fell by 1.3% and is now 0.3% smaller in terms of output than it was before the pandemic as supplies of raw materials and labour are hard to source.
- Whilst UK economy-wide figures were hailed by the Chancellor in August 2021 as signalling that a full recovery was underway, a recent OECD (Organisation for Economic Cooperation and Development) report found that the economic recovery was 'running out of steam' and the UK was amongst one of the major economies in the slow lane.
- In particular, there are serious concerns about rising rates of Covid-19 infections and rising levels of reluctance to mix in public places amongst certain sections of the public, which are affecting demand. Combined with serious labour market shortages, the most publicised being amongst lorry drivers although in other areas too, this is slowing down the recovery.

### 3. Impacts

#### (i) Business Sectors

3.1 Most business sectors across the UK have experienced a reduction in trade due to the effects of Covid-19, although they have been least felt by the following; real estate activities, human health and social work, information and communication, professional, scientific and technical activities and construction.

3.2. The retail sector, which together with wholesale trading accounted for 2,130 businesses (10%) in Islington supporting 18,000 jobs in 2019, has been affected by a spate of fresh store closures. The British Retail Consortium reported a slowing in the pace of recovery in town centres in July, and the Centre for Cities has highlighted London as being most severely affected by a retail contraction with only one third of a recovery in footfall taking place to date as office workers continue to work from home and tourists stay away.

3.3. In terms of trading, whilst May had seen good news for retail businesses with a return to pre-pandemic levels of activity in the UK, June saw these services contract by 2.3%, leaving output at 0.5% below its February 2020 level.

3.4. Although it is not possible to know how far output has been affected in Islington retail businesses, data released by Google shows declining levels of footfall. As lockdown began the numbers of people shopping for non-essential food and pharmaceutical essentials fell dramatically. A gradual recovery has taken place since, albeit with a few bumps in the road. Despite this, grocery and pharmacy visits, declined by a further 10 percentage points between June and August 2021 and, overall 23% fewer people are visiting essential retail stores compared to before the pandemic.

3.5. Furthermore, in July 2021 the improvement in non-essential retail sales appeared to tail off despite the economy being open. Levels of retail and recreation footfall are still less than half the level they were before Covid-19. Workplace visits are also down since June with only 35% of the pre-Covid-19 workforce numbers returning back into Islington. This is a much worse picture than the average for the UK, where footfall levels were 80% of the equivalent week of 2019 on 21<sup>st</sup> August 2021, and reflects Islington's prime central location and dependency upon outside commuters and tourists for trade.

3.6. Across the UK, the pattern of a muted recovery is similar for Accommodation service activities. The sector grew faster than at any time since the start of the pandemic in June 2021, by 27.8% together with Food and Beverage service activities, which grew by over 10% as pubs and restaurants fully opened inside and out for the whole month. However, food and beverage services are still producing 1.5% less output compared to before the pandemic and an official digest of the data for August 2021 reported that the number of seated diners in restaurants had not risen from the previous month.

3.7. Arts, Entertainment and Recreation services (1,705 businesses (8%) in 2020 and 20,000 jobs in Islington in 2019) were meanwhile operating a quarter smaller in May across the UK than before the pandemic and by June 2021 had only contributed a further 0.02% to overall output.

3.8. Given the heavy reliance of London and Islington on commuter and tourist trade to sustain these activities, reports on the UK-wide impacts on food, hospitality, arts, entertainment, and recreation are also, as in the case with retail, likely to underestimate the hit on Islington's economy.

3.9. In this context it is worth recalling which parts of the borough are more highly dependent upon Accommodation and Food Service activities and Arts, Entertainment and Recreation. Half (49.4%) of all businesses working in these sectors (1,545 out of 3,130) are to be found in descending numbers in the Clerkenwell, Old St & St Luke's, Angel and Kings Cross & Pentonville areas. It is worth noting that these are the parts of the borough most affected by 'zoom-shock'. Office workers are now more likely to work from home on at least 2 days per week, meaning a reduction in footfall of at least 40% to local cafes, ancillary services (e.g. dry cleaning) and retail (e.g. newsagents). With a reported increase of only 4% in the number of international flights to the UK in August, it is also clear that international visitors are not yet returning to anything like the numbers prior to the pandemic.

3.10. In the most extreme cases this means that some businesses have been forced to close, although it is important to bear in mind that this was already the case before Covid-19 and is not necessarily an indication of a poorly functioning local economy. Every year in Islington, at least 10% of businesses will not survive.

3.11. Unfortunately, it is not possible to single out Islington's performance compared to other boroughs, since data is collected for Haringey and Islington together. Taking both boroughs together, 85.8% of businesses were trading and had been doing so in the last two weeks to the 11<sup>th</sup> July 2021, a further 7.4% had paused trading but were expecting to re-open within the next two weeks and 6.3% had paused trading and did not expect to re-open in the following two weeks.

3.12. The Haringey/Islington 6.3% figure is slightly higher than 4.9% of businesses in Camden and the City of London, and 4.4% of businesses in Westminster which had paused trading and did not expect to re-open in the next two weeks. Compared to Bexley and Greenwich (11.8%) and Redbridge and Waltham Forest (26.7%) these are smaller figures for businesses that intend to continue pausing their trading in the weeks ahead.

## **(ii) High Streets and Town Centres**

3.14. It might be argued that declining footfall and business closures on the high street are part of a longer term trend that was already evident before the advent of Covid-19. However, data from Primary Shopping Areas collected in 2019 for the Islington Local Plan showed that vacancy rates were well below levels considered as giving grounds for concern in all areas bar one, the Nag's Head. Even in the Nag's Head the vacancy rate (9%) was one percentage point above what is considered an 'optimal' rate of 8%. Furthermore, since the time of the last survey in 2017, vacancy rates had improved dramatically in Archway (from 12.7% in 2017 to 5% in 2019) and also in Finsbury Park (from 9.9% in 2017 to 8% in 2019). On the other hand, vacancy rates had increased (from 2% to 9% in Nag's Head and from 4% to 7% in the Angel).

3.15. The Mayor of London's gathering of strategic evidence to support Article 4 Direction, the preservation of commercial space, in London points at possible reasons why the picture is more complicated than a binary competition between online and offline retail spelling doom for the high street. Highlighting a growth in the total number of retail outlets in London's town centres and high streets between 2015 and 2019, the mayor's paper identifies an *increase* in service-retail, leisure and convenience outlets. Their expansion has more than compensated for a loss of comparison goods retail shops, which have been affected by a rise in e-commerce. Even in the case of price

comparison shops, some, for example those selling books and music have found ways to present a unique offer, thereby stabilising their position over the same period.

3.16 The high street and town centre retail and leisure offer was thus showing itself to be resilient and adaptive to new trends prior to Covid-19, including those presented by online competition. However, 20% of spend on comparison goods retail in London, for example came from tourists and commuters from outside London prior to the pandemic. Demand for retail and leisure products and services at the scale witnessed in central London is therefore substantially driven by the presence of commuters, tourists and a growth in London's population, all of which have been affected by the pandemic and Brexit.

### **(iii) Employment**

3.17 Central London experienced a disproportionate impact on employment due to its reliance on office work, the visitor economy and the arts; and its generally higher share of private sector employment. The total number of jobs in London decreased by 4% in the last year, compared to 3% in the rest of the country. Employee jobs in London decreased by 2.8% and self-employment by 12.2%. However, in the most recent figures for April, London PAYE employment grew faster than across the UK. The growth in the employment rate was highest for people aged 18 to 24 (5.6 percentage point increase between February and April).

3.18 Job vacancies in July showed a recovery to close to pre-crisis levels (at 758,000) – driven by a rebound in hospitality, but also strong growth in real estate jobs and across the board. More timely, online job adverts are now above pre-pandemic levels at 129% of their February 2020 average.

3.19 This employment growth has been driven by an increase in demand in the hospitality and food sector as businesses re-opened after lockdown. There are reports of labour shortages with vacancies growing by 265% in the three months from January to March, although less than the highest recorded 330% sectoral rise in vacancies listed in Arts, entertainment, and recreation industries.

3.20 The so-called 'pingdemic' has also probably contributed to these shortages as thousands of workers were called to self-isolate during June, but this explains only part of the situation. It appears that during lockdown many European nationals in particular returned home. Other, UK citizens furloughed in the hospitality sector also looked for work in other sectors, some even going to the lengths of undertaking training so they could obtain more highly paid jobs.

### **(iv) Unemployment**

3.21. With a growing demand for labour in the economy, it would be expected that rates of unemployment in Islington would be falling and this is indeed the case. From its peak in March 2021, unemployment in Islington has followed a universal downward trend, falling for the fourth consecutive month on record, from 7.6% of the working age population making unemployment related benefits claims in March, to 6.5% in July. This is higher than the UK rate (5.5%), but lower than the rate for London (7.3%), both of which have also witnessed falls.

3.22. More males as a percentage of the working age population in Islington are unemployed than females (7.2% of males compared to 6.1% of females). In both cases this was lower than the figures for London and the UK.

3.33 In relation to youth unemployment, Islington is performing much better than the London and UK average, with a rate of 5.4% of young people out of work claiming unemployment benefits compared to 8.9% in London and 7.2% for the UK.

3.34 Islington fares less well in the level of over 50s unemployment. 9.3% of people in the working age population over 50 are claiming unemployment related benefits compared to 7.4% in London and 4.2% in the UK. The Institute of Employment Studies found people still on furlough were more likely to be older workers. It also underlines an increasing digital and technological skills divide emerging amongst older workers, as described in further detail by the Centre for Ageing Better in their report 'Covid-19 and the digital divide: supporting digital inclusion and skills during the pandemic and beyond.'

#### **(v) Furlough**

3.35 Furlough rates in the borough are at 7% of the eligible workforce, which is lower than the London average of 10%, but continues to be quite a high percentage compared to some other parts of the UK.

3.36 In July 7,000 people in Islington were on furlough - 8% of eligible men (3,700) and 6% of eligible women (3,300). Compared to other parts of London, this was the lowest percentage rate, equivalent to the national average. For comparison, Hounslow and Newham each witnessed 12% of eligible workers still on furlough in July.

3.37 Given that the government subsidy will phase out completely in September, there is a possibility that the ending of furlough could still translate into a rise in unemployment. If the decline continues at the same rate of 20% each month, then by the time furlough is phased out an additional 3,500 people could still be on furlough at the end of September when the scheme finally ends. This would raise the claimant count by nearly 30% to over 16,000 people and bring the rate up to 8.6% from its current level of 6.7%. However, it may also be the case that there is an acceleration in people coming off furlough by the end of September, thereby reducing the potential claimant count.

3.38 About half of people on furlough in Islington are employed in sectors that rely upon demand from outside visitors, hospitality and food services, arts, entertainment and recreation and business support services.

#### **(vi) Financial Resilience**

3.39. There has been media expectation that people will start to spend savings accrued during lockdowns when consumers were confined indoors and unable to buy non-essential goods and services except online. This has started to happen amongst wealthier segments of the population, those who were able to work from home for example in lockdown and saved on commuting costs. Online spending grew during this period and now accounts for over 50% of non-food sales in the UK compared to 30% two years ago.

3.40. On the other hand, research undertaken by the House of Commons Library has identified a clear savings and debt divide in which households specifically on low incomes have been more likely to run down savings and increase debt during the pandemic. Groups singled out in the report as especially indebted included renters, people from black and minority ethnic groups, parents and carers, the disabled, people shielding and young people.

3.41. Supporting these residents to build financial resilience is a key part of our Economic Wellbeing Offer, alongside our employment support offer. In this respect the Council has in place a range of financial support and advice to help vulnerable residents or those on low incomes. This includes financial

support through our Resident Support Scheme and Council Tax Support Scheme, as well advice and support on maximising household income and benefit entitlement through our Income Maximisation team (IMAX).

#### 4. Council's Response

##### (i) Phase 1 – Rescue Period

4.1. In the early days of the pandemic, the primary goal was to protect Islington's small, local businesses and unemployed residents as much as possible from the immediate economic ravages of the Covid-19 pandemic.

4.2 To achieve these goals Islington:

- Surveyed businesses getting in touch with us to find out more about the substantive issues they were facing and help us more effectively tailor our response.
- Developed an emergency response plan, ensuring the coordination of various council services supporting businesses in the immediate aftermath of the Government's lockdown.
- Devised a public-access emergency business directory, profiling businesses and services still open.
- Deployed local economy officers to every part of the borough with the task of contacting businesses to check on their status and find out what support they needed.
- Liaised with colleagues in public protection to keep businesses informed of new operating guidelines to keep themselves and the public safe, and provided additional support to initiatives where safe/appropriate to do so.
- Sustained regular meetings of the Town Centre groups, moving them online, to ensure that independent business owners could stay connected to others in their locality and to explain what council support they needed during the emergency phase.
- Developed a business bulletin to keep businesses informed about support available to them. The bulletin now broadcasts to 5,000 businesses in the borough.
- Distributed grants to support small businesses in vulnerable sectors to help them through the pandemic. To date Islington businesses have received more than £8m in discretionary grants.
- Of these grants, one third have gone to Black, Asian & Minority Ethnic owned businesses, over 40% to female owned local small or micro businesses, and targeted £1.8m of financial aid to cultural venues in Islington.
- Brokered sustainable and competitive delivery options to mitigate the need for face to face contact through subsidised cargo bike schemes like Pedivan.
- Brokered employment opportunities between local businesses and the iWork team, highlighting the benefits for employers of recruiting local residents, including supporting candidates to high demand sectors such as healthcare, retail and logistics on safety concerns.
- Facilitated links with local community groups in Finsbury Park with Fashion Enter (affordable workspace operator) to donated material, to make face coverings for free distribution.
- Linked our communication media including our website and Twitter to the government websites so that businesses became aware of new opportunities as soon as possible.

4.3. People experiencing high levels of financial insecurity also needed emergency support during the emergency phase of the pandemic. In the early months, Islington channelled financial hardship monies through our Resident Support Scheme. In 2020-21, we paid out 5,418 RSS awards totalling £2.455m. This included 2,111 Crisis awards totalling £247k, well above the £12-14k we would

normally expect to spend on Crisis support in any given year. Demand for Crisis support has now fallen and is largely back to pre-pandemic levels, following a peak in autumn 2020. As of mid-August 2021, there have been 65 Crisis awards totalling £2,383, compared to 1,237 in the same period last year totalling £125k.

4.4. The Islington working partnership (IWP) co-ordinated by iWork provides a network of multiple employment support organisations in Islington working together to get people into work, playing to each organisation's particular areas of expertise and strengths. In the early stages of the pandemic, the IWP focused on improving our referral processes and the level of integration with other services including the Income maximisation team to ensure residents are able to claim all benefits they are entitled to and take full advantage of the support available in light of the Covid 19 pandemic.

## **(ii) Phase 2 – Building Resilience Against the Shock**

4.3. Following the emergency period, Islington moved on to shore up the local economy so that businesses and the community could build more resilience to withstand shocks like Covid-19 in future.

4.4. Islington combined small business support with measures to support Islington's unemployed, and low paid workers and residents seeking work or better quality employment. Whilst more people joined the unemployment queue we ensured that a service was available to those who were already disadvantaged before Covid-19 and who were finding themselves further towards the back of the queue for employment. Additional economic wellbeing measures addressed the financial hardships of our most vulnerable residents.

4.5. Some examples of our interventions during the resilience phase included:

- Distributing Tranches 1 and 2 of the Additional Restrictions Grant, supporting nearly 1,500 businesses to the value of £7.4m, including four targeted schemes operating up until mid-June 21. Of all awards, around 27% were made to Black and Minority-owned businesses, with approx. 43% awarded to female-owned businesses.
- Setting up new business networks, for example a new traders' association in Caledonian Road and Barnsbury, and a new Small Business Forum in Finsbury in the south of the borough
- Assisting businesses to adapt their business models in innovative ways, for example hosting dedicated webinars helping businesses to go online in partnership with our affordable workspace provider Outlandish a tech co-operative.
- A series of 'Shop Local' initiatives, including the distribution of 1000s of 'Open Safely' packs to local businesses and regular e-bulletins to over 5,000 businesses.
- Using our dedicated business directory to develop the 'My Virtual Neighbourhood' app that will provide a platform for Islington businesses to promote themselves to local people, anchor institutions and businesses online.
- Using new and existing business forums like the Finsbury Park Delivery Board, the Caledonian Road and Barnsbury and Finsbury Business Forums to address deeply embedded issues like paying the London Living Wage.

4.6. In 2020/21, Islington received £877,270 through the Government's £170 million COVID Winter Grant Scheme. The aim of the funding, which covered the period December 2020 to end March 2021, was to meet immediate needs and help those struggling to afford food and utility bills (heating, cooking, lighting) and water for household purposes. In Islington, we allocated 80% of the funding (once administration costs had been deducted) to vulnerable households and families with children, and the remaining 20% to other households at risk of experiencing poverty.

4.7. As the pandemic worsened the In 2020/21 the government established a £500 million Hardship Fund for Local Authorities to support vulnerable people and households, of which Islington received £3,879,455. The funding was primarily aimed at providing council tax relief to working age residents in receipt of Council Tax Support (CTS). 23,659 households of working age received the up to £150 council tax relief during 20/21, totalling £2,629 million of support.

4.8. In 2020/21 the IMAX team ran a Pension Credit take-up campaign linked to the TV licence change for those over 75 years old. Just over 200 older residents were supported to make a claim. The campaign secured £431k additional income for Islington pensioners, averaging £3,260 extra per successful claim.

### **(iii) Phase 3 – The Recovery of Islington’s Economy**

4.10. The IWP have signed up to Council priorities on tailored employment support for priority groups that have faced significant challenges during the pandemic. In particular, people from black & minority ethnic communities, those with disabilities, parents, older workers, and young people (18-25) have faced considerable difficulties in accessing the labour market.

4.11. A sustained collaborative approach that uses the resources available to us through the Islington Working Partnership is being levelled at supporting residents, sometimes with complex needs, to get back into training and the labour market. Stretch targets set during the resilience phase to tackle systemic poverty, particularly amongst Black, Asian and Minority Ethnic communities are going into action during the recovery phase. In particular we are;

- Designing a research proposal to work with the London Metropolitan University with support from the Runnymede Trust to develop an understanding of labour market outcomes for black and minority ethnic communities in Islington. The research will inform how we set meaningful targets and develop support appropriate to the needs of different intersectional groups.
- Building upon the formation of the London Living Wage Action Group, which has helped secure London Living Wage Place Accreditation for the borough and brought together a strong cross-sectoral platform of businesses and organisations committed to promoting fair pay and good work for local residents.
- 4.16. Launching the Islington working jobs portal connecting local residents to local vacancies. Within weeks of the portal becoming live 1,200 residents had registered. A preliminary survey highlighted that residents would like more part time roles and, in response, a quarter of the roles on the site now offer flexible working opportunities.

4.14. An above average number of over 50s in the borough are unemployed compared to London and UK so we have developed a programme specifically for this age group, which aims to tackle digital literacy and re-skilling for new technologies, and working practices with a focus on key growth sectors.

4.15. Partnership work is also underway between the council, DWP and the London Deaf Information Service to meet a gap in provision to support deaf residents into employment. BSL Interpreters provide support using virtual toolkits to provide a pathway to employment.

4.17. In addition to efforts to support people into work, we recognised the need for advice and support to help those in work remain in their jobs and progress. The council has funded the Get Back on Track service, delivered by the Shaw Trust, and is targeting support to residents who have lost jobs due to the pandemic. The service offers specialist Human Resources and Legal advice furlough, changes to job

descriptions or working conditions, and redundancy. The Council considers that Get Back on Track delivers a unique service in the borough and has agreed an additional year's funding to 31 August 2022.

4.18. Business support measures implemented during the recovery phase have included:

- Using council spending power and that of other local businesses and partner organisations to develop and expand the activities of a locally based supply chain. The small business directory will help anchor institutions and larger businesses source locally, as well as support small businesses to organise consortia to bid and win larger contracts.
- On the strength of a new partnership with City University at the flagship Ray Building in Clerkenwell, we are now delivering over £2.5 million worth of social value, including helping residents into jobs and apprenticeships, acting as an incubator for new social enterprises and other social impact businesses.
- Further building on our expanded business contacts made during the pandemic to employ new local economy officers in Clerkenwell and Bunhill, areas which have faced a large economic contraction due to the loss of tourist and commuter trade.
- Using new and existing business forums like the Finsbury Park Delivery Board, the Caledonian Road and Barnsbury and Finsbury Business Forums to address deeply embedded issues like paying the London Living Wage.
- Building on our experience of developing affordable workspace to deliver social value in Finsbury Park, we are now developing further workspaces in the borough, for example at the White Collar Factory in Old St. New affordable workspaces are offering employment training, business development advice, links to large employers, and spaces for micro businesses to locate.
- Building upon our experience of ethical, sustainable delivery options brokered during the pandemic to set up a new delivery co-operative, Wings as an ethical alternative to other platform companies. Wings pays the London Living Wage and offers workers more secure terms and conditions.

4.19. To continue tackling financial hardship, the council has decided to fund and continue the Council Tax Support Hardship Fund in 2021/22, even though there is no more government funding. This forms part of the vital support the Council is providing to assist with the recovery from Covid. The scheme criteria remains unchanged providing a Council Tax rebate of up to £150 for those working age residents in receipt of Council Tax Support. As of end of August 2021, 21,163 households have received a rebate of up to £150, totalling £2,549m of support provided.

4.20. The COVID winter grant has now transitioned into the COVID Local Support Grant, and has been extended to end September 2021. Islington has received a further sum of £826,000. In Islington, this has been used mainly to assist those families who qualify for free school meals or who are in receipt of Housing Benefit or Council Tax Support and have a child aged under 5 years old.

4.21. The government has established a Test and Trace Support scheme, administered by local authorities. It provides a one off payment of £500 to support those who must stay at home and self-isolate by NHS Test and Trace or the NHS COVID-19 app, either because they have tested positive for COVID-19 or have recently been in close contact with someone who has tested positive. The payment is means-tested, based on being in receipt of a list of qualifying benefits, including Universal Credit. However, residents not on one of these benefits may be eligible for a £500 discretionary payment if they meet all other criteria, are on a low income and would face financial hardship if self-isolating.

4.22. As of 24 August 2021, Islington had received 2,530 applications of which: 1,359 (54%) have been paid (678 mandatory payments and 681 discretionary). This is the highest payment rate of London boroughs in latest survey on end of July data. 1,149 applications have been rejected and 22 claims are

pending. We anticipate a reduction in the number of applications for Test & Trace support payments as, from 16 August 2021, those who have received both COVID vaccinations will no longer be required to self-isolate if they come into close contact with someone who has tested positive for COVID, unless they themselves test positive. The scheme has been extended to 30 September 2021.

#### (iv) Phase 4 – Reframing Islington’s Economy

4.23. Islington will build back better for an **inclusive, fairer, greener, more creative local economy** through promotion of **sectoral interventions**. A focus on key sectors that have the potential to create not just jobs but careers, our aim has been to remove any systemic barriers that prevent specific cohorts within our diverse local communities from accessing these opportunities by:

**Health and Care** – In response to the Covid-19 pandemic the Islington Health and Social Care Hub provided local recruitment for social care contractors. Working closely with partners in the NHS and Adult Social care to ensure that local people are prioritised for local vacancies, providing a wealth of information about the variety of roles and progression opportunities in the sector, expanding its reach beyond the traditional care assistant roles, to include GP reception staff, vaccination roles and ophthalmology technicians.

**Green Economy** – We are creating new opportunities in the ‘green economy’ with jobs related to new building techniques, energy saving devices, green transport and delivery systems and reusing and recycling.

**Construction** – Working with colleagues in housing to implement a new approach to apprenticeships with the new build programme, providing new homes for our residents and aspirational careers for local young people in surveying, project management, engineering, and traditional skills. This includes working with the developers on the Holloway Prison site to optimise the employment and green skills opportunities for local people and businesses.

**Tech and Knowledge** – Islington is currently lead partner on LIFT (Leading Inclusive Futures through Technology), a £7.4m project spanning four boroughs to deliver jobs and training in tech and related jobs. LIFT is getting local residents skilled up and ready to launch careers or start-up businesses in industries like IT and Communications, both of which have recovered fast from Covid-19 and offer significant opportunities for career progression in addition to incomes well above the London average

**Creative Production** - Celebrating Islington’s creative community as one of our most valued assets and building strong partnerships with creative production companies such as Film London and the N7 business cluster to plug local residents into new opportunities

**Affordable Workspaces** - Ensuring we deliver a thriving, diverse local economy by creating new, genuinely affordable, workspaces, for example the FC Designer Collective and Space4/Outlandish on Fonthill Road where local residents interested in garment production and tech can get skilled and networked into good jobs. Despite lockdowns, these two operators were able to generate a social value return to the council equivalent to over £500,000 in the last year.

4.24. Through the Tranche 3 Additional Restrictions Grant, the council will be delivering a Business Recovery Programme. The Government has given Local Authorities the discretion to prioritise certain businesses or sectors, based on local economic needs. This needs to provide direct benefit to local businesses, and can be done either as a grants scheme or through business support activities.

4.25. In line with the Council's community wealth-building agenda, the central ambition for Islington's recovery, is to build a more inclusive, fairer, greener, more innovative and resilient local economy.

The business recovery programme prioritises two areas of intervention:

- High streets and town centres recovery
- Local supply chain and sectors.

There are two cross-cutting themes:

- Equalities: Addressing structural inequalities of business ownership and employment
- Net zero: Growing green business through innovation, transport and circular economy business interventions.

It is planned that activities focus on supporting the following outcomes:

- The economic and social recovery of high streets and town centres;
- Strengthening the local economy by supporting business supply chains and use the council's power as a commissioner; and
- Supporting jobs and businesses in tech, creative production, hospitality, construction and creative sectors.
- Strengthening innovation in sustainable growth sectors
- Supporting the growth of democratically owned business models.

4.26. This year, in addition to continuing to support Pension Credit claims, the IMAX team will focus upon increasing take up of disability benefits for working age residents. Disabled people, including those with long term health conditions, are one of the priority groups for our employment support offer so securing vital support through benefits could give them the crucial day to day support they need to enable them to consider employment, where this is an option.

## 5. Emerging Opportunities

5.1. As we emerge from the Covid-19 pandemic, we are reviewing our service delivery to improve our approach and identify possible opportunities to develop further. More than ever we need to be **resilient, creative, dynamic** and able to adapt to tackle challenges and make the most of opportunities.

### EMPLOYMENT – local residents into good jobs

5.2. Islington's greatest challenge as furlough ends, is likely to be supporting a growing sector of the unemployed back into work (particularly those over 50 years), whilst ensuring that we can still offer a service to those who were already disadvantaged before Covid-19 and will find themselves even further at the back of the queue for employment.

5.3. People from underrepresented communities have been hit hardest by Covid-19 and we need to redouble our efforts to ensure that they are facilitated to flourish in Islington's inclusive economy. We are doing this by supporting early stage entrepreneurship for people in these communities and also for existing businesses.

5.4. In cases where residents furthest away from the labour market are still not accessing jobs because of the ability of employers to cherry pick from a large pool of labour, it may be necessary for the council to intervene more directly. For example by actively facilitating the creation of co-operative enterprises to supply the council and other anchor institutions and expressly employing people from these groups, including young people without experience and others who are likely to face labour market

discrimination. We will also work closely with our partners in the Islington Working Partnership, to target under-served groups in the labour market.

5.5. We will identify employment types in sectors that have been less affected by Covid-19, understand the skills required in each and look to quickly re-orientate these skills and then facilitate clear pathways into new employment. Low paid employment is more likely to require a physical presence at work, so ensuring this can be carried out safely and workers are actually able to access work will be an important role to further working opportunities for lower paid workers.

5.6. Partnership work is underway with Adult & Community Learning, College and the National Careers service to develop skills provision that matches our sectoral needs, allows our residents to move between sectors and to understand the opportunities available in the post Covid 19 labour market.

5.7. The number of apprenticeships being offered by employers remains low. We will work with employers to better align apprenticeships with job opportunities and viable career pathways. We will continue to develop the Islington jobs portal to improve our strategic co-ordination to connect local jobs and training opportunities with Islington residents.

## **PROTECTING OUR HIGH STREETS**

5.8. Reductions in footfall in our town centres, high streets and markets means that we need to work harder than ever to promote their diverse retail and leisure offers. For example, local guides are needed to promote our street market and local entertainment offers to local offices in order to attract people there during lunch times and after work.

5.9. More needs to be done to increase local business to business trading, something which we are pursuing through an app called 'Near Street' that shows what stock is available nearby rather than simply driving people to websites like Amazon.

5.10. The southern part of Islington the Central Activities Zone had traditionally catered for a wealthier office worker demographic, which has stayed away. Many shops and facilities in these areas are not likely to be catering for local residents. More work needs to be done to ensure that affordable goods and services are available e.g. street markets and for businesses to pivot to sell into local markets.

5.11. A recent GLA report into the future of the CAZ expects international tourism to rebound to reach 2019 levels in 2024, the start of a gradual path to recovery. Driven by a combination of workers not wishing to lose out, and managers eager to rebuild team working, the report anticipates a return to the office for three to four days a week for the majority who are currently home working. A more competitive office environment is also likely to increase demand for quality office space in locations nearest to stations, which could benefit Farringdon, a key transport hub for the Elizabeth Line. Any short-term rationalisation of this order in the office market is, however, likely to be counterbalanced over the next two to five years by a continuing centralisation of offices within high profit sectors such as tech, life science and knowledge quarter occupiers. As growth returns, the opening of the Elizabeth Line and HS2 is going to draw in a much wider pool of skilled labour to London and is likely to compensate further for short-term losses. However, it will be imperative to ensure that our residents are positioned and skilled to avail of the growth of opportunity on their doorstep.

5.12. The optimistic view then sees the reduction in economic activity as temporary, a view reflected in Islington's Local Plan estimate for office space demand, which has uprated an earlier Employment and Land Study estimate for 400,000 metres squared to 420,000 metres squared of floor space demanded by businesses in the years running up to 2036.

5.13. Article 4 direction is also sought to prevent conversion of office space to residential, which would jeopardise the viability of strategically important economic clusters in locations such as Tech City in Old Street, which falls outside the CAZ.

5.14. Many landlords have not yet adjusted to new market realities, which have affected businesses ability to pay. More work is needed to broker fairer rents that reflect new market conditions.

5.15. As business models change in response to a shift away from five days physically attending an office to more home working, affordable workspaces need to be ready to offer a flexible model of occupancy. Better Space, a company that manages many workspaces in Islington is alert to this issue and responding to new requirements. There are also likely to be opportunities to think about how we could use 'meanwhile space' more effectively to support our residents, and capitalise on the opportunities arising from public demand for more spectacle and leisure services.

5.16. Throughout the pandemic Islington's Inclusive Economy team has increased contact with businesses, but also with local groups (Mutual Aid Groups) who provided much needed brokerage on the ground to link up local businesses with communities. It is vital that we continue to build and strengthen these community relationships whilst they are still warm, as part of the social and economic recovery of our high streets.

5.17. Our online workshops to help businesses to adapt showed that there is considerable demand for support to develop a local online presence and ensure that small businesses have the right technology to compete with larger and online businesses.

5.18. Arising from the recent experience of the pandemic that led to people becoming more familiar with their localities, there has been a resurgence in a new model for urban planning: the '15-minute city'. The concept is to improve quality of life by creating cities where everything that a resident needs can be reached within a quarter of an hour by foot or bike. The 15-minute city requires minimal travel among housing, offices, restaurants, parks, hospitals, and cultural venues. The idea is that each neighbourhood should fulfil six social functions: living, working, supplying, caring, learning, and enjoying. The 15 minute city, it is argued could help to tackle the climate crisis by increasing green initiatives at the neighbourhood level and reduce travel. To support this idea the council is looking at the potential to develop spaces for affordable 'near-home' working, providing residents who have limited facilities at home to sustain long-term shift for blended working.

### **WORKING IN PARTNERSHIP – to deliver for local people and businesses**

5.19. New Affordable Workspaces available late 2021 will provide the opportunity to deliver an integrated programme to support local residents to learn new skills and to access training and jobs opportunities. This includes the imminent announcement of major new 10-year partnerships with new operators for the White Collar Factory and our affordable workspace at 250 City Road.

5.20. We have established a new network of 'anchor institutions' to take advantage of the greater collaborations emerging from the pandemic. Working more closely with these strategic partners, we plan to deliver:

- As an employer, – progressive policies on recruitment, pay & conditions and careers to fully harness the talents of our local workforce and future generations;
- As a purchaser – actively supporting existing and emerging local businesses to deliver affordable, quality goods and services thereby maximising local social value and wealth creation;

- As a landlord and asset manager – managing and developing buildings and spaces to create more accessible, sustainable and better places; and, as a leader – committing to a shared ambition for Islington and embedding these values into day to day activity to ensure we make a difference.

5.21. The anchor institutions working with us on the Living Wage action plan and the Health and Social Care Academy, are already referring new employers to the scheme, and our HR Team have used the sharing of our apprenticeship levy to influence living wage uplifts within three local firms seeking levy transfer. We will continue to expand this work, including through the development of a new business directory to help anchor institutions keep more of their spend local.

5.22. We are also ramping up delivery of our progressive approach to the procurement of goods and services and planning policies, so that more of the money we spend goes into the pockets of local businesses and workers, works harder in the Islington economy, and helps Islington become a Living Wage Place and achieve Net Zero status by 2030. This will include the publication of new Social Value guidance for both commissioners and suppliers, as well as market warming with local businesses to help improve the opportunity to secure contracts with the council.

5.23. The Mayor of London announced over £10m of investment into green projects. This investment is designed to help double London's green economy to £100Bn by 2030 from its 2020 net worth of £48Bn. If this level of investment materialises it would kick start huge business and jobs opportunities for Islington's residents given the creation of over 80,000 new jobs in the capital. This will be an excellent opportunity to expand our work in green skills for the construction industry, as well as wider sectors.

5.24. In March 2021 the LIFT (Leading Inclusive Futures Through Technology) was launched. A £7.4m joint project in Islington, Hackney Camden & Tower Hamlets to make sure underrepresented communities and businesses benefit from the Technology, Science and Digital sectors. It aims to address the underrepresentation of some communities in these sectors including women, those with disabilities, lone parents and people from Black and ethnic minority backgrounds. The programme is being led by Islington Council and delivered in partnership with entrepreneurship not for profit firm Capital Enterprise which has supported more than 3,500 small businesses and created nearly 7,000 in new start-ups since 2014.

5.25. To deliver a truly inclusive economy – building back better, fairer, greener and more democratic – we have already begun to establish innovative partnerships with various groups, including Wings, a co-operative, human powered home delivery scheme, using freight bicycles to deliver food to local homes in Finsbury Park, as well as Manor Gardens, to explore the potential for community-led re-development of the high street through a food co-operative.

5.26. In addition, we will also be creating a series of further partnerships over the coming months to deliver a number of key projects under the Additional Restrictions Grant scheme. These will include:

- Training and development programme for local aspiring or start-up circular economy businesses
- Inclusive entrepreneurialism to support Black and Minority-owned in social impact business start-ups.
- A local development scheme for democratically owned co-operatives
- Promotion of Black-owned businesses on the high street and online, to increase footfall and spend with local businesses in the run-up to the festive season
- A business development programme to stabilise existing street market traders and recruit new ones, aligned to the public realm project.

## 6. CONCLUSION

Islington has gone above and beyond to provide emergency support, build economic resilience and recover the economy. It was only possible with an active pulling together of the whole community in ways not witnessed since the Second World War. From the spontaneous setting up of neighbourhood groups, to the 'We are Islington' service and the vigorous engagement to support individual businesses and residents through challenges such as a loss of trade, unemployment, and debt, strong relationships have been formed and trust has grown. There is now an unprecedented opportunity to build upon this progress and turn the vision of a fairer, more sustainable, socially and environmentally just economy into a practical reality.

This has never been more important as the challenges faced are only a foretaste of more to come. The climate emergency, the impact of Brexit and Covid on supply lines and labour markets, the ending of furlough, the loss of the Universal Credit uplift and the adaptive capabilities of the virus are just some of the ongoing threats facing Islington's economy and livelihoods moving forward.

Islington's Community Wealth Building teams are therefore re-doubling efforts to reframe the economy and build back better for an inclusive, fairer, greener, more creative local economy. As this paper has shown, this means being aware of emerging opportunities like a greater focus on the 'local', changing preferences for retail and leisure experiences in urban space. It also means actively shaping and developing those opportunities into gains for our residents and on a net zero carbon footing. This is happening as part of our local industrial strategy in Health and Care, the Green Economy, Construction, Tech and Knowledge, Creative Production, and Affordable Workspaces, all leveraged to provide good quality work and business for our residents, underpinned by our social value and equalities commitments.

It also means engineering an economic and social recovery of high streets and town centres, supporting our business supply chains, using the council's power as a civic leader, and collaborating with other anchor institutions in the borough to inspire them to work with us and follow suit. As we seek to create more 'good work', we will be encouraging partners to join us in building upon our new found status as a Living Wage Place, also to join us in applying community wealth building principles to facilitate democratically owned businesses such as co-operatives by initiatives such as succession planning and active use of the procurement system.

There is no option to rebuild the economy as it was before. Islington will maintain its pioneering approach amongst councils, drawing upon the wealth of new thinking to focus on environmental sustainability, reducing inequalities, improving individual and social wellbeing and applying Community Wealth Building to ensure our local economy is resilient and fit for our futures.

**Signed by:**

[Corporate Director and Exec  
Member]

Date: 31<sup>st</sup> August 2021

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